

RESOLUTION AMENDING RESOLUTION B-7-10-2795 AND AUTHORIZING  
THE ISSUANCE AND SALE OF FULL TERM CERTIFICATES OF PARTICIPATION,  
SERIES 2010C, IN AN AMOUNT NOT TO EXCEED \$5,000,000,  
TO FINANCE A PORTION OF THE LONG-RANGE FACILITIES PLAN

RECITALS

WHEREAS, the School Board (the "School Board") of Independent School District No. 709, St. Louis County, Minnesota (the "District"), adopted Resolution No. B-7-10-2795 on July 20, 2010, authorizing the issuance and sale of full term certificates of participation in an amount not exceeding \$3,675,000, to finance a portion of the Long-Range Facilities Plan and approving the official terms of offering for such certificates of participation; and

WHEREAS, it has come to the attention of the School Board that while the amount (\$293,864,990) set forth in the Minnesota Commissioner of Education's review and comment letter dated May 2010 is accurate, the cash available to finance the approved Long-Range Facilities Plan costs is short by approximately \$1,325,000, which is the difference between the proceeds and investment income from the Series 2008B COPs, as defined below, and the identified project costs to be financed with the proceeds of the Series 2008B COPs; consequently, the issue size approved for full term certificates of participation described in the preceding paragraph needs to be increased to \$5,000,000; and

WHEREAS, the Minnesota Commissioner of Education has approved the increase in the amount of such full term certificates of participation described above to an amount not to exceed \$5,000,000; and

WHEREAS, the School Board desires to amend Resolution No. B-7-10-2795 in its entirety to provide for such change and to approve the revised official terms of offering.

NOW, THEREFORE, BE IT RESOLVED, by the School Board of the District that Resolution B-7-10-2795, adopted July 20, 2010, is amended in its entirety to provide as follows:

Section 1. Authority. Under and pursuant to the authority contained in Minnesota Statutes, Section 126C.40, Subd. 6, as amended (the "Act"), the District is authorized to purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement upon application to, and approval by, the Minnesota Commissioner of Education. The District has approved a Long-Range Facilities Plan (the "Plan") and the Minnesota Commissioner of Education has approved the District entering into an installment contract in the amount of \$111,442,577 under the Act to finance the purchase of real and personal property as set forth in the Plan (other than costs for the new Piedmont/Lincoln Elementary School and the new West Middle School, which was subsequently approved and financed). The District determined to acquire, construct and equip the projects approved by the Minnesota Commissioner of Education, pursuant to the Act, through an Installment Purchase Contract, dated as of June 1, 2008 (the "Installment Purchase Contract"), between U.S. Bank National Association ("U.S. Bank"), as vendor, and the District. In order to provide funds for the projects, the District authorized the issuance of \$111,440,000

Full Term Certificates of Participation, Series 2008B, dated June 1, 2008 (the “Series 2008B COPS”), pursuant to a Declaration of Trust by and between U.S. Bank, as trustee, and the District (the “Declaration of Trust”). The District has approved an amendment to the Plan and the Minnesota Commissioner of Education has approved the District’s financing of an additional \$5,000,000 under the Act to provide additional funds for the purchase of real and personal property as set forth in the Plan, as amended.

Section 2. The Plan of Finance. The School Board hereby determines that it is necessary, expedient, and in the best educational interest of the District’s pupils and residents that the District enter into an Amendment to the Installment Purchase Contract under the Act to provide additional funds to purchase the real and personal property described in the Plan, as amended, and as approved by the Minnesota Commissioner of Education. Full Term Certificates of Participation, Series 2010C (the “Certificates of Participation”), will be issued pursuant to a Supplement to the Declaration of Trust as additional certificates under the Declaration of Trust. The principal amount of the Certificates of Participation to be issued shall not exceed \$5,000,000 and such Certificates of Participation shall evidence the proportionate interest of the registered owners thereof in the Installment Payments to be made by the District under the Installment Purchase Contract, as amended.

Section 3. Official Terms of Offering. The District’s administrative staff is hereby authorized and directed to work with Northland Securities, Inc., independent financial advisor to the District, and Fryberger, Buchanan, Smith & Frederick, P.A., bond counsel, to solicit bids and arrange for the sale of the Certificates of Participation in substantial compliance with the Notice of Sale attached hereto as Exhibit A. The Chief Financial Officer/Executive Director of Business Services, after consulting with the District’s financial advisor and bond counsel, is authorized to modify the terms of the Notice of Sale prior to accepting the bids, including, but not limited to, reducing the size of the issue and rescheduling the sale. The bids shall be received by the Chief Financial Officer/Executive Director of Business Services or his designee until 11:00 a.m. central time on September 21, 2010, and consideration for the award of the Certificates of Participation will be by the School Board at 6:30 p.m. central time on the same date.

Section 4. Repayment of Obligations. The form, specifications and provisions for payment of the Amendment to the Installment Purchase Contract and the Certificates of Participation and the form of the Supplement to the Declaration of Trust shall be set forth in a subsequent resolution of the School Board.

Section 5. Consideration of Bids. The School Board shall meet on September 21, 2010, in accordance with the Notice of Sale, to consider bids for the purchase of the Certificates of Participation and to take whatever actions are necessary for the acceptance or rejection of the bids.

Section 6. Credit Enhancement. (a) The Board Chair, Superintendent or Chief Financial Officer/Executive Director of Business Services are hereby authorized and directed to submit a Minnesota School District Credit Enhancement Program Application for Default

Preclusion to the Minnesota Department of Education, as provided by Minnesota Statutes, Section 126C.55.

(b) The District hereby covenants and obligates itself to notify the Minnesota Commissioner of Education of a potential default in the payment of principal and interest on the Certificates of Participation and to use the provisions of Minnesota Statutes, Section 126C.55 to guarantee payment of the principal and interest on the Certificates of Participation when due. The District further covenants to deposit with the trustee/bond registrar or any successor paying agent three (3) days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the Minnesota Commissioner of Education that it will be unable to make all or a portion of that payment. The trustee, as bond registrar for the Certificates of Participation, is authorized and directed to notify the Minnesota Commissioner of Education if it becomes aware of a potential default in the payment of principal or interest on the Certificates of Participation, or if, on the day two (2) business days prior to the date a payment is due on the Certificates of Participation, there are insufficient funds to make that payment on deposit with the trustee. The District understands that as a result of its covenant to be bound by the provisions of Minnesota Statutes, Section 126C.55, the provisions of that section shall be binding as long as any Certificates of Participation remain outstanding.

(c) The District further covenants to comply with all procedures now or hereafter established by the Department of Finance and the Department of Education of the State of Minnesota pursuant to Minnesota Statutes, Section 126C.55, subdivision 2(c) and otherwise to take such actions as necessary to comply with that section. The Chair, Clerk, Superintendent or Chief Financial Officer/Executive Director of Business Services are authorized to execute any applicable Minnesota Department of Education forms regarding such program.

Adopted: September 13, 2010.

Motion made by Member \_\_\_\_\_, seconded by Member \_\_\_\_\_, to approve Resolution #B-9-10-2819 as presented. Upon a vote taken, the same was approved as follows:

Yeah:

Nay:

\_\_\_\_\_  
Clerk

\_\_\_\_\_  
Chair

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**NOTICE OF SALE**

\$5,000,000\*

FULL TERM CERTIFICATES OF PARTICIPATION, SERIES 2010C  
EVIDENCING THE PROPORTIONATE INTEREST OF REGISTERED OWNERS  
THEREOF IN INSTALLMENT PAYMENTS TO BE MADE BY

INDEPENDENT SCHOOL DISTRICT 709 (DULUTH), MINNESOTA

PURSUANT TO AN INSTALLMENT PURCHASE CONTRACT, AS AMENDED

(Book-Entry Only)

NOTICE IS HEREBY GIVEN that these Certificates will be offered for sale according to the following terms:

**TIME AND PLACE:**

Bids will be opened by the CFO/Executive Director of Business Services, or designee, on Tuesday, September 21, 2010, at 11:00 A.M. Central Time, at the offices of Northland Securities, Inc., 45 South 7<sup>th</sup> Street, Suite 2000, Minneapolis, Minnesota 55402. Consideration of the Bids for award of the sale will be by the School Board at its meeting at the District Offices beginning Tuesday, September 21, 2010, at 6:30 P.M.

**SUBMISSION OF BIDS:**

Bids may be:

- a) submitted to the office of Northland Securities, Inc.;
- b) faxed to Northland Securities, Inc. at 612-851-5917;
- c) for Bids submitted prior to the sale, the final price and coupon rates may be submitted to Northland Securities, Inc. by telephone at 612-851-5900; or
- d) submitted electronically.

Notice is hereby given that electronic Bids will be received via PARITY™, in the manner described below, until 11:00 AM, Central Time, on September 21, 2010. Bids may be submitted electronically via PARITY™ pursuant to this Notice until 11:00 A.M., Central Time, but no Bid will be received after the time for receiving Bids specified above. To the extent any instructions or directions set forth in PARITY™ conflict with this Notice, the terms of this Notice shall control. For further information about PARITY™, potential bidders may contact Northland Securities, Inc. or Ipreo at 1359 Broadway, 2<sup>nd</sup> floor, New York, NY 10018, telephone 212-849-5021.

Neither the District nor Northland Securities, Inc. assumes any liability if there is a malfunction of PARITY™. All bidders are

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\* The District reserves the right to increase or decrease the principal amount of the Certificates. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

advised that each Bid shall be deemed to constitute a contract between the bidder and the District to purchase the Certificates regardless of the manner in which the Bid is submitted.

BOOK-ENTRY SYSTEM:

The Certificates will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Certificates will be issued in fully registered form and one bond certificate, representing the aggregate principal amount of the Certificates maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Certificates.

Individual purchases of the Certificates may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. The District will appoint U. S. Bank National Association, St. Paul, Minnesota, as trustee, bond registrar, transfer agent, authenticating agent, and paying agent (the “Trustee”). Principal and interest are payable by the District through the Trustee, to DTC, or its nominee as registered owner of the Certificates. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Certificates, will be required to deposit the bond certificates with DTC. The District will pay reasonable and customary charges for the services of the Trustee.

DATE OF ORIGINAL  
ISSUE OF CERTIFICATES:

October 1, 2010

AUTHORITY/PURPOSE/  
SECURITY:

The Certificates are being issued pursuant to Minnesota Statutes, Section 126C.40, subd. 6, as amended. Proceeds will be used, along with other available District funds, to finance various improvements to District facilities. The Certificates are special limited obligations of the District payable solely from Installment Payments. The District will pledge the receipt of certain taxes levied pursuant to Minnesota Statutes, Section 126C.40, and with the approval of the Commissioner of Education, to the payment of the Installment Payments. **The District’s obligation to make the Installment Payments is not subject to annual appropriation.**

INTEREST PAYMENTS:

Semiannually on February 1 and August 1, commencing August 1, 2011, to registered owners of the Certificates appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the month preceding such interest payment date.

MATURITIES:

February 1, inclusive, in each of the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2012	\$210,000	2021	\$295,000
2013	255,000	2022	305,000
2014	255,000	2023	315,000
2015	260,000	2024	325,000
2016	265,000	2025	335,000
2017	265,000	2026	345,000
2018	275,000	2027	360,000
2019	280,000	2028	370,000
2020	285,000		

Bids for the Certificates may contain a maturity schedule providing for any combination of serial Certificates and term Certificates, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

INTEREST RATES:

All rates must be in integral multiples of 1/20th or 1/8th of 1%. *Rates must be in level or ascending order.* No limitation is placed upon the number of rates which may be used. All Certificates of the same maturity must bear a single uniform rate from date of issue to maturity.

ADJUSTMENTS TO PRINCIPAL  
AMOUNT AFTER BIDS:

The District reserves the right to increase or decrease the principal amount of the Certificates. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread. Such adjustments shall be made promptly after the sale and prior to award of Bids by the District and shall be at the sole discretion of the District.

The successful bidder may not withdraw or modify its Bid once submitted to the District for any reason, including post bond adjustment. Any adjustment shall be conclusive and shall be binding upon the successful bidder.

**OPTIONAL REDEMPTION:**

Certificates of this issue maturing February 1, 2020, and thereafter, are subject to redemption, in whole or in part, on February 1, 2019, and on any date thereafter at a price of par plus accrued interest. If redemption is in part, the selection of the amounts and maturities of the Certificates to be prepaid shall be at the discretion of the District. Notice of redemption shall be given by registered mail to the registered owner of the Certificates not less than 30 days prior to such redemption date.

**CUSIP NUMBERS:**

If the Certificates qualify for assignment of CUSIP numbers, such numbers will be printed on the Certificates, but neither the failure to print such numbers on any bond, nor any error with respect thereto, shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the Certificates in accordance with terms of the purchase contract. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder.

**DELIVERY:**

Within forty days after award subject to approving legal opinion by Fryberger, Buchanan, Smith & Frederick, PA, Bond Counsel. Legal opinion will be paid by the District and delivery will be anywhere in the continental United States without cost to the successful bidder at DTC.

**TYPE OF BID:**

Bids of not less than \$4,950,000 (99.0%) and accrued interest on the principal sum of \$5,000,000 must be filed with the undersigned prior to the time of sale. Bids must be unconditional except as to legality. Bids for the Certificates should be delivered to Northland Securities, Inc. and addressed to:

Bill Hanson, CFO/Executive Director of Business Services  
ISD 709, Duluth, MN  
215 North 1<sup>st</sup> Avenue East  
Duluth, Minnesota 55802

A good faith deposit (the "Deposit") in the amount of \$100,000 in the form of a federal wire transfer (payable to the order of the District) is only required from the apparent winning bidder, and must be received within two hours after the time stated for the receipt of Bids. The apparent winning bidder will receive notification of the wire instructions from Northland Securities, Inc. promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the District may choose to reject their Bid and then proceed to offer the Certificates to the next lowest bidder based on the terms of their original Bid, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

Wire Instructions for the Deposit are as follows:

Bank Name: Wells Fargo Bank, N.A.  
City, State: San Francisco, CA  
Wire Routing Transit Number (RTN): 121000248  
For Further Credit to: Northland Securities, Inc., Bond Escrow  
Account  
Beneficiary Account Number (BNF): 346-9563161  
Reference: Name of sender and Issuer name and Series

The District will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted Bid, said amount will be retained by the District. No Bid can be withdrawn after the time set for receiving Bids unless the meeting of the District scheduled for award of the Certificates is adjourned, recessed, or continued to another date without award of the Certificates having been made.

**AWARD:**

The Certificates will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The District's computation of the interest rate of each Bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Certificates will be awarded by lot. The District will reserve the right to: (i) waive non-substantive informalities of any Bid or of matters relating to the receipt of Bids and award of the Certificates, (ii) reject all Bids without cause, and (iii) reject any Bid which the District determines to have failed to comply with the terms herein.

**OFFICIAL STATEMENT**

By awarding the Certificates to any underwriter or underwriting syndicate submitting a Bid therefore, the District agrees that, no more than seven business days after the date of such award, it shall provide to the senior managing underwriter of the syndicate to which the Certificates are awarded, the Final Official Statement in an electronic format only as prescribed by the Municipal Securities Rulemaking Board (MSRB).

**CONTINUING DISCLOSURE:**

The District will covenant in the resolution awarding the sale of the Certificates and in a Continuing Disclosure Undertaking to provide, or cause to be provided, annual financial information, including audited financial statements of the District, and notices of certain material events, as required by SEC Rule 15c2-12.

**BANK QUALIFICATION:**

The District will designate the Certificates as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.



BOND INSURANCE AT  
UNDERWRITER'S OPTION:

If the Certificates qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the successful bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the successful bidder of the Certificates. Any increase in the costs of issuance of the Certificates resulting from such purchase of insurance shall be paid by the successful bidder, except that, if the District has requested and received a rating on the Certificates from a rating agency, the District will pay that rating fee. Any other rating agency fees shall be the responsibility of the successful bidder. Failure of the municipal bond insurer to issue the policy after the Certificates have been awarded to the successful bidder shall not constitute cause for failure or refusal by the successful bidder to accept delivery on the Certificates.

The District reserves the right to reject any and all Bids, to waive informalities and to adjourn the sale.

Dated: September 13, 2010

BY ORDER OF THE SCHOOL BOARD

/s/ William Hanson

Chief Financial Officer /Executive Director of Business Services

Additional information may be obtained from:

Northland Securities, Inc.  
45 South 7<sup>th</sup> Street  
Suite 2000  
Minneapolis, Minnesota 55402  
Telephone No.: 612- 851-5900